



MARYLAND STATE & D.C. AFL-CIO

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**HB 708 - Unemployment Insurance – Tax Parity for Delayed Payments of Benefits
House Ways and Means Committee
March 2, 2023**

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of HB 708. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

Maryland passed the RELIEF Act in 2021, making state unemployment benefits received in tax year 2020 and 2021 exempt from state income taxes. Unfortunately, the number of unemployment claims filed during the height of the pandemic overwhelmed the system, resulting in long delays for workers to receive their benefits. Some workers who would have received their benefits in Tax Year 2021, did not receive their money until Tax Year 2022, making them ineligible for the tax benefits of the RELIEF Act. HB 708 fixes this problem by allowing the Comptroller's office to create a rebate program to refund money back to workers that would have been eligible for the RELIEF Act but received their payments late.

Over 45,000 workers received unemployment benefits in 2022 that they should have received in 2020 or 2021. Workers should not be penalized because of the delays it took them to receive their benefits. The pandemic exposed how Maryland's unemployment insurance system needed modernization.

We urge the committee to issue a favorable report for HB 708 in the name of fairness.